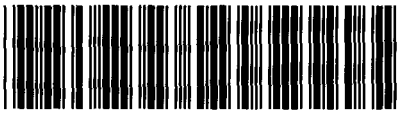

Control Number: 48785

Item Number: 90

Addendum StartPage: 0

CONSOLIDATED SOAH DOCKET NO. 473-19-1265
CONSOLIDATED DOCKET NO. 48785

JOINT REPORT AND APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC, AEP TEXAS INC., AND LCRA TRANSMISSION SERVICES CORPORATION TO AMEND THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY FOR 345-KV TRANSMISSION LINES IN PECOS, REEVES, AND WARD COUNTIES, TEXAS (SAND LAKE TO SOLSTICE AND BAKERSFIELD TO SOLSTICE)	§	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS

SAND LAKE TO SOLSTICE PORTION
(ROUTING PHASE)

DIRECT TESTIMONY OF ALBERT MENDOZA
(REDACTED)

ON BEHALF OF
OCCIDENTAL PERMIAN LTD.,
OXY DELAWARE BASIN, LLC,
OXY USA INC, OXY USA WTP LP,
HOUNDSTOOTH RESOURCES, LLC,
AND OCCIDENTAL WEST TEXAS
OVERTHRUST, INC.

January 10, 2019

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EXHIBITS

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Albert Mendoza. My business address is 5 Greenway Plaza, Suite 110, Houston, Texas 77046.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Manager, Energy at Occidental Energy Ventures LLC. Occidental Energy Ventures LLC (OEV), Occidental Permian Ltd., Oxy Delaware Basin, LLC, Oxy USA, Inc., Oxy USA WTP LP, Houndstooth Resources, LLC, and Occidental West Texas Overthrust, Inc. are wholly owned subsidiaries of Occidental Petroleum Corporation.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Occidental Permian Ltd., Oxy Delaware Basin, LLC, Oxy USA, Inc., Oxy USA WTP LP, Houndstooth Resources, LLC, and Occidental West Texas Overthrust, Inc. (collectively "Oxy").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.

A. I received a Bachelor of Science in Chemical Engineering from the University of Houston in 2002 and a Masters of Business Administration from the University of Houston in 2008. I have been employed by Oxy for a total of 7 years in various positions, and most recently for the past 5 years as Manager, Energy.

Q. ARE YOU FAMILIAR WITH OXY'S OPERATIONS IN TEXAS?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony addresses Oxy's position on the routing options for the Sand Lake to Solstice 345-kV transmission line (the "Sand Lake to Solstice" line) proposed by AEP Texas, Inc. ("AEP") and Oncor Electric Delivery Company LLC ("Oncor"). I discuss the impact that

various proposed links and routes will have on Oxy's operations in Texas and the overall cost of the proposed line.

Q. HAVE YOU EVER SUBMITTED TESTIMONY BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS?

A. Yes, I submitted testimony in four other dockets:

- PUC Docket No. 46042 – *Application of Southwestern Public Service Company to Amend a Certificate of Convenience and Necessity for a 345-kV Transmission Line Within Hale, Hockley, Lubbock, Terry and Yoakum Counties (Tuco to Yoakum)*
- PUC Docket No. 47368 – *Application of Oncor Electric Delivery Company LLC to Amend a Certificate of Convenience and Necessity for a 345/138-kV Transmission Line in Loving, Reeves, and Ward Counties (Riverton to Sand Lake)*
- PUC Docket No. 47808 – *Joint Application of Oncor Electric Delivery Company LLC and Brazos Electric Power Cooperative, Inc. to Amend Certificates of Convenience and Necessity for the Cogdell to Clairemont 138-kV Transmission Line in Kent and Scurry Counties (Cogdell to Clairemont)*
- PUC Docket No. 48095 – *Application of Oncor Electric Delivery Company, LLC to Amend a Certificate of Convenience and Necessity for a 345-kV Transmission Line in Crane, Ector, Loving, Reeves, Ward, and Winkler Counties (Odessa EHV - Riverton and Moss – Riverton CCN)*

I am also filing separate testimony to address the placement of the Bakersfield to Solstice 345-kV line (the "Bakersfield to Solstice" line) that has been consolidated into this docket.

II. SUMMARY OF OXY'S POSITION

Q. CAN YOU SUMMARIZE OXY'S POSITION WITH RESPECT TO THE SAND LAKE TO SOLSTICE TRANSMISSION LINE?

A. Oxy has extensive oil and gas operations in the study area, and property that Oxy owns or leases would be affected by all 29 of the proposed routes filed with the Application. Oxy

would be affected by the following 26 proposed links: C2, D1, E1, F1, F2, F3, F4, G1, G2, G3, G4, G6, G51, G52, H1 H2, I2, I3, J1, J3, J4, J5, J8, J22, K2, and K4.

Oxy opposes AEP and Oncor's recommended route 320[1] unless the Commission adopts significant modifications that will allow Oxy to mitigate the adverse impact on its operations. As proposed, route 320 would significantly interfere with Oxy's ongoing operations and disproportionately harm Oxy compared to other landowners because it would bisect multiple Oxy production areas and cross very close to a large number of existing wells and other infrastructure. This is especially true in the center of the study area near links F3/G4/G51/I2, where route 320 (and any other route that follows the "central" corridors[2]) would cross a particularly dense Oxy production area, making it difficult to avoid severely impacting Oxy's operations. Nevertheless, Oxy is willing to work with AEP, Oncor, and the Commission to develop a route that does not disproportionately harm Oxy. While Oxy would prefer that the Commission avoid route 320 and the other central corridor routes, it has developed proposed modifications to links C2, F3/G4/G51/I2, and J1/J7 that would enable Oxy to mitigate the harm to its operations.[3] Those modifications are discussed in detail below.

To avoid bisecting the dense and rapidly expanding oil and gas production areas along the central corridor, the Commission should instead select a route that follows the "west corridor."[4] Oxy can agree to proposed route 328[5] if the Commission adopts relatively

[1] Route 320 follows links A, B2, B3, C2, D2, F3, G4, G51, I2, J1, J7, L1, and Z. That route would affect Oxy along links C2, F3, G4, G51, I2, and J1.

[2] This includes the "central," "west-central," and "east-central" corridors, all of which travel through the heart of Oxy's densely packed operations in the center of the study area. *See* Application, Attachment 12 (Routing Memorandum) at 3.

[3] If the Commission were to adopt Oxy's proposed modifications to links C2, F3/G4/G51/I2 (for any combination of links between F3 and J1), and J1/J7, Oxy could agree to any of routes 18, 41, 297, or 320.

[4] *See* Application, Attachment 12 (Routing Memorandum) at 2.

[5] Route 328 follows links A, B2, B3, C2, D1, E1, F1, I1, K2, K3, K12, L2, and Z.

minor modifications along links C2, D1, and E1/F1, as described in detail below.[6] Even with those modifications, route 328 would still affect Oxy's operations along five different links.[7] However, by following the west corridor, route 328 would avoid the areas where constructing and operating a transmission line would cause the most significant harm to Oxy's operations and development, and would obviate the need for more extensive route modifications along the central corridor. Overall, route 328, as modified, would have less of an adverse impact on Oxy than other potential route options filed by AEP and Oncor.

Oxy also strongly opposes routes that use the "east corridor" along proposed link H2, which would interfere with Oxy's existing production areas along the eastern edge of the study area. However, my direct testimony focuses on how Oxy's operations would be impacted by the utilities' recommended route 320 and Oxy's preferred route 328, as well as the modifications that would be necessary for Oxy to agree to those routes. I will provide additional detail on Oxy's operations along the east corridor and potential modifications if another party files testimony in support of a route using that corridor.

III. IMPACTS OF THE PROPOSED TRANSMISSION LINE ON OXY'S OIL AND GAS OPERATIONS

Q. PLEASE DESCRIBE OXY'S OPERATIONS IN THE STUDY AREA.

A. As shown by Exhibit AM-1, Oxy has extensive oil and gas operations in the study area and will be impacted by all of the proposed alternative routes. Oxy is engaged in extensive development and production of gas and oil in the study area, with gas, oil, and injection wells, as well as pipelines and other infrastructure, on at least 70 identified tracts of land throughout the study area. Exhibit AM-1 contains a complete list of tracts that are either owned or leased by Oxy and impacted by the proposed routes. Exhibit AM-2 is a map that shows all of Oxy's leases in the study area.

[6] If the Commission were to adopt Oxy's proposed modifications to links C2, D1, and E1/F1, Oxy could agree to any of routes 46, 49, 325, 326, 328, and 370.

[7] Regardless of whether Oxy's proposed modifications are adopted, Route 328 would affect Oxy along links C2, D1, E1, F1, and K2.

Q. WHICH LINKS AND ROUTES AFFECT OXY'S INTERESTS?

A. Oxy is impacted by the following 26 proposed links: C2, D1, E1, F1, F2, F3, F4, G1, G2, G3, G4, G6, G51, G52, H1 H2, I2, I3, J1, J3, J4, J5, J8, J22, K2, and K4. Because Oxy's operations are spread throughout the study area, Oxy will be affected by any of the 29 alternative routes filed in the Application. However, some of the links have more severe impacts on Oxy's operations than others. Proposed links C2, D1, E1, F1, F2, F3, G1, G2, G3, G4, G51, G52, H2, I2, J1, and J3 would be particularly harmful to Oxy's oil and gas operations and could create health and safety hazards for Oxy, AEP, and Oncor personnel due to the location of existing infrastructure and ongoing development activities. Oxy is prepared to work with AEP, Oncor, and the Commission to route the transmission line near or through Oxy's operations in portions of the study area, but Oxy is strongly opposed to any route that would use links C2, D1, E1, F1, F2, F3, G1, G2, G3, G4, G51, G52, H2, I2, J1, or J3 as proposed.

Q. PLEASE DESCRIBE THE TYPES OF OPERATIONS OXY IS CONDUCTING IN THE STUDY AREA.

A. The study area covers a region where Oxy is quickly developing its oil and gas operations. Oxy is actively drilling on its leases in the study area, which involves using drilling rigs, conducting pumping operations, and installing pipe casing. Oxy has extensive oil and gas production and injection wells on the leases that would be impacted by the proposed alternative routes in this case. Oxy's wells are supported by extensive electric distribution facilities, and are connected to storage and oil & gas pipeline transportation infrastructure in the area. The start-up, continued operation, and maintenance of the entire system requires the use of large equipment (including large cranes and drilling and pulling rigs) that adds to the complexity of operations near or around such proposed transmission lines. While Oxy has existing operations throughout the study area, Oxy is most actively working and expanding its operations along links C2, D1, E1, F1, F2, F3, G1, G2, G3, G4, G51, G52, H2, I2, J1, and J3.

Q. HOW WOULD A TRANSMISSION LINE INTERFERE WITH OIL RECOVERY OPERATIONS?

A. Right-of-way clearing and restrictions on what can be placed in the right-of-way would impact Oxy's ability to efficiently develop its leases. In addition, any Oxy facilities in close proximity to the proposed line will have to be maintained and worked periodically. The process for working a well involves bringing in large drilling equipment, which must be moved into position at the well sites. Having transmission towers too close to the wells can interfere with access, impede operations, and create safety concerns. Repairing and servicing the oil and gas facilities also requires the use of heavy and often tall equipment, such as cranes, that could create an unsafe situation if operated in close proximity to high voltage transmission lines. As a general rule, Oxy would prefer that the line not be constructed within 300 feet of any of Oxy's existing wells, and cannot agree to any route that is within 150 feet of its existing wells, as this would create health and safety concerns for Oxy, AEP, and Oncor personnel.

Q. IS BUILDING A TRANSMISSION LINE DURING ACTIVE DRILLING ALSO A PROBLEM?

A. Yes. Drilling wells involves building out critical infrastructure, including electrical distribution and pipeline infrastructure. In addition, moving oil and gas drilling equipment in and around transmission structures and lines can create substantial health and safety risks, which will require a great deal of coordination and will likely delay construction activities.

Q. ARE THERE OTHER ISSUES ASSOCIATED WITH THE CONSTRUCTION PROCESS THAT WILL INTERFERE WITH OXY'S OPERATIONS?

A. Yes. In Oxy's experience, utilities building new transmission lines seek to de-energize nearby transmission and distribution facilities during the construction process, and often during maintenance once the line has been constructed. Transmission outages or, more directly, outages on the electrical facilities serving Oxy's oil and gas infrastructure would require Oxy to stop operations during the outage and would have adverse financial impacts for Oxy.

Q. IS OXY IN THE PROCESS OF EXPANDING ITS OPERATIONS AT ANY OF THE LEASES THAT WOULD BE IMPACTED BY THIS TRANSMISSION LINE?

A. Yes. Oxy has extensive exploration and production operations in the area and development of those leases is ongoing, especially along proposed links C2, D1, E1, F1, F2, F3, G1, G2, G3, G4, G51, G52, H2, I2, J1, and J3. Oxy is concerned that building a transmission line through or near its properties will impede this ongoing development, which would have a significant adverse economic impact.

Q. PLEASE DESCRIBE THE DEVELOPMENT TIMELINE FOR OXY TO DRILL AN OIL AND GAS WELL IN WEST TEXAS.

A. Oxy's operations can expand very quickly. While the exact development timeline varies from well to well, it generally takes Oxy between two and three weeks to conduct the surveying activities necessary to site a potential well, and an additional one to two weeks to obtain the necessary permits to drill that well. So Oxy can go from planning a well to having a drilling rig on site in approximately three to five weeks.

Q. IN OXY'S EXPERIENCE, HOW DOES ITS DEVELOPMENT TIMELINE INTERACT WITH THE CONSTRUCTION AND DEVELOPMENT OF ELECTRIC TRANSMISSION LINES?

A. Often, Oxy's development activity has changed significantly between the time a utility surveys a particular area during its routing study and when a CCN application is actually filed. Additionally, development is ongoing during the CCN proceeding, which means there may have been significant changes to a production area by the time a route is approved.

Q. ARE THERE ECONOMIC COSTS IF OXY IS UNABLE TO DEVELOP OR PROPERLY MAINTAIN OIL WELLS AND RELATED PRODUCTION INFRASTRUCTURE?

A. Yes. Oxy will lose significant revenue and income if it cannot efficiently develop these fields or maintain existing wells. Lost production does not just harm Oxy, but also has negative impacts for property owners entitled to royalties from Oxy's wells. There are also both direct and indirect revenue impacts for the State of Texas, as impairing oil and gas

development deprives the state of additional taxes and has a negative overall impact on jobs and economic development related to the oil and gas industry.

While it is difficult to quantify an exact amount of economic loss, in this area, a single productive well that cannot be developed or would have to be shut in because of a transmission line (and where the oil cannot otherwise be produced) would result in lost production of approximately ***[redacted]*** barrels of oil per day. At current oil prices, such a loss would mean ***[redacted]*** in reduced revenue for Oxy over the course of a year, which is even more substantial when considered over the life of a well that could produce for over ***[redacted]*** years. Each well that is not drilled or cannot be efficiently worked due to the transmission line also means fewer taxes paid to the State of Texas, reduced royalties for the landowners, and a reduction in economic activity related to oil drilling and production.

IV. IMPACTS TO OXY ALONG RECOMMENDED ROUTE 320

Q. WHAT IS OXY'S POSITION WITH RESPECT TO THE UTILITIES' SUGGESTED ROUTE 320?

A. Route 320 would cross three distinct Oxy production areas, and as proposed, that route would impede Oxy's ongoing development activities and create safety and operational issues surrounding Oxy's densely packed oil and gas infrastructure. Accordingly, Oxy opposes route 320 unless the Commission adopts modifications to that route that will allow Oxy to effectively mitigate the effects of this transmission line on its operations along link C2, links F3/G4/G51/I2, and links J1/J7.[8] Exhibit AM-3 to my testimony is a CD that contains a .KMZ file showing all of Oxy's proposed modifications.

A. OXY'S PROPOSED MODIFICATION TO LINK C2

Q. PLEASE DESCRIBE OXY'S OPERATIONS ALONG PROPOSED LINK C2.

A. Proposed link C2 cuts through the northeastern edge of Oxy's Collie production area, which is a densely developed and rapidly expanding unconventional oil recovery operation

[8] If the Commission were to adopt Oxy's proposed modifications to links C2, F3/G4/G51/I2 (in place of any combination of links between F3 and I2/I3), and J1/J7, Oxy could agree to any of routes 18, 41, 297, or 320.

located on a large set of contiguous leases in the north end of the study area near Pecos. Figure AM-1 is an excerpt from Exhibit AM-2 that shows proposed link C2 overlaid on Oxy's Collie production area (Oxy leases in yellow):

Figure AM-1: Oxy's Collie Production Area

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Q. HOW WOULD PROPOSED LINK C2 INTERFERE WITH OXY'S OPERATIONS?

A. As proposed, link C2 would interfere with the ongoing development of Oxy's leases near its intersection with Highway I-20BL ("I-20 Business"). In particular, Oxy has already invested significant resources into planning a new well site in the northeastern corner of

tract 504, and proposed link C2 would interfere with the development of that well. As described above, if a transmission line crosses too close to oil and gas infrastructure or ongoing development, that could cause operational and safety issues for Oxy, AEP, and Oncor personnel, and could significantly increase the cost of constructing this line if it became necessary for Oxy to abandon facilities or forego development opportunities.

Q. HAS OXY IDENTIFIED A POTENTIAL MODIFICATION TO LINK C2 THAT WOULD RESOLVE ITS CONCERNS?

A. Yes. Shifting a portion of link C2 slightly to the northeast would allow Oxy to effectively mitigate the impact of this transmission line on its operations. Figure AM-2 shows proposed link C2 in red and Oxy's proposed modification in yellow.

Figure AM-2: Oxy's Proposed Link C2 Modified

B. OXY'S PROPOSED MODIFICATION TO LINKS F3/G4/G51/I2

Q. PLEASE DESCRIBE OXY'S OPERATIONS ALONG LINKS F3/G4/G51/I2.

A. Proposed links F3/G4/G51/I2 bisect Oxy's Barilla Draw production area, which is a densely developed and rapidly expanding unconventional oil recovery operation located on a large set of contiguous leases in the center of the study area. Figure AM-3 is an excerpt

from Exhibit AM-2 that shows the utilities' proposed links overlaid on Oxy's Barilla Draw production area (Oxy leases in yellow):

Figure AM-3: Oxy's Barilla Draw Production Area

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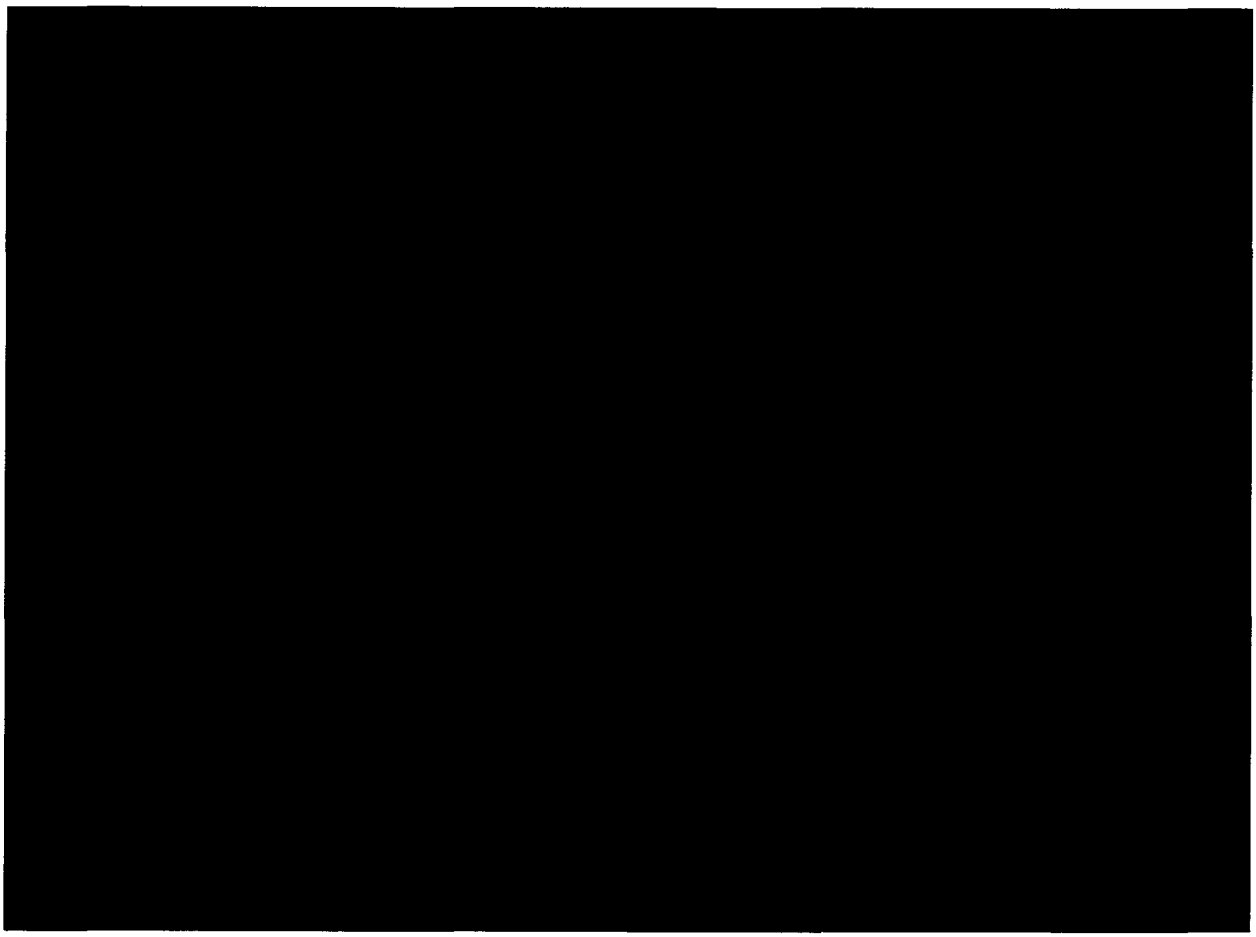

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Q. HOW WOULD PROPOSED LINKS F3/G4/G51/I2 INTERFERE WITH OXY'S OPERATIONS?

A. As proposed, links F3/G4/G51/I2 could interfere with Oxy's ability to effectively access and maintain its infrastructure in the Barilla Draw production area. Additionally, as proposed, those links would bisect various parcels that Oxy has leased for oil and gas operations, and thereby impede Oxy's ongoing development in those areas. As described above, if a transmission line crosses too close to oil and gas infrastructure or development, that can cause operational and safety issues for Oxy, AEP, and Oncor personnel, and could

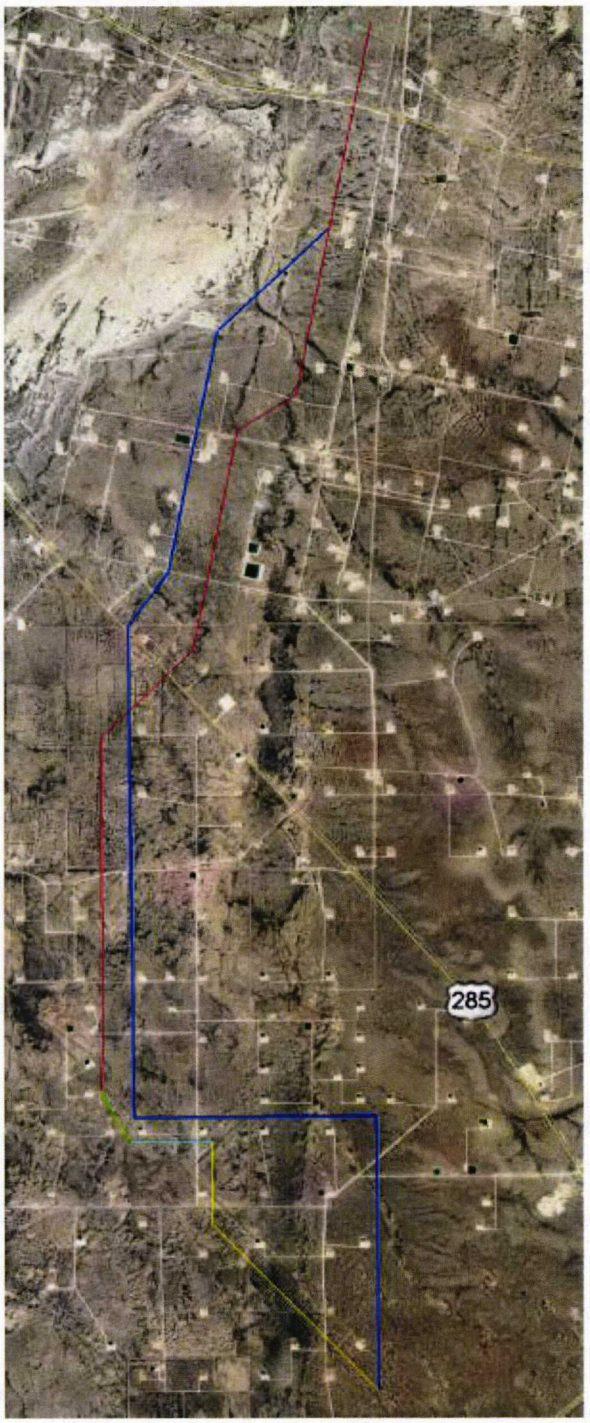
significantly increase the cost of constructing this line if it became necessary for Oxy to abandon facilities or forego development opportunities.

Q. HAS OXY IDENTIFIED POTENTIAL MODIFICATIONS TO LINKS F3/G4/G51/I2 THAT WOULD RESOLVE ITS CONCERNS?

A. As discussed elsewhere in my testimony, Oxy would prefer that the Commission avoid these links entirely by selecting route 328. However, in the event that the Commission wishes to follow the utilities' recommended route 320, Oxy has identified a set of modifications to links F3/G4/G51/I2 that will maintain safe clearances from Oxy's existing operations and allow Oxy to effectively mitigate the impact of this line on its ongoing production and development activities. Those modifications would also parallel the boundaries of several tracts[9] rather than bisecting them, and would decrease the number of angle structures required to traverse this area from nine to six. Figure AM-4 shows proposed links F3 (red), G4 (green), G51 (light blue), and I2 (yellow), with Oxy's proposed modifications to those links in dark blue.

[9] Oxy's proposed modification to links F3/G4/G51/I2 would parallel portions of the boundaries of tracts 31, 41, 59, 66, 68, 89, 90, 108, 134, 152, 153, 190, 272, and 380 rather than cutting through those properties.

Figure AM-4: Oxy's Proposed Links F3/G4/G51/I2 Modified



C. OXY'S PROPOSED MODIFICATION TO LINKS J1/J7

Q. PLEASE DESCRIBE OXY'S OPERATIONS ALONG LINK J1.

A. Proposed links cross through the western portion of Oxy's South Red Bull production area, which is a rapidly expanding unconventional oil recovery operation located on a large set of contiguous leases in the southeastern portion of the study area. Figure AM-5 is an excerpt from Exhibit AM-2 that shows the utilities' proposed links overlaid on Oxy's South Red Bull production area (Oxy leases in yellow):

Figure AM-5: Oxy's South Red Bull Production Area

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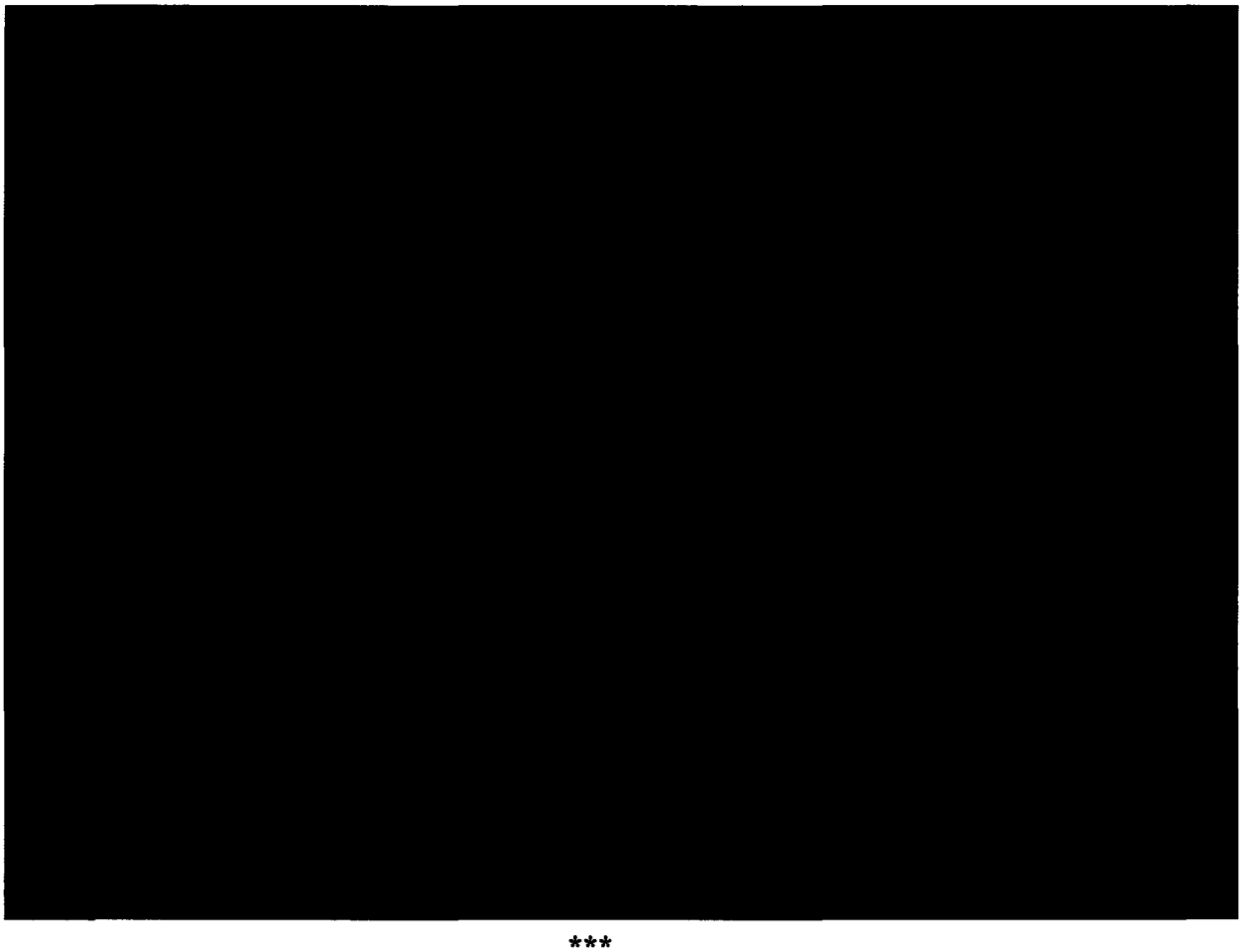

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Q. HOW WOULD PROPOSED LINK J1 INTERFERE WITH OXY'S OPERATIONS?

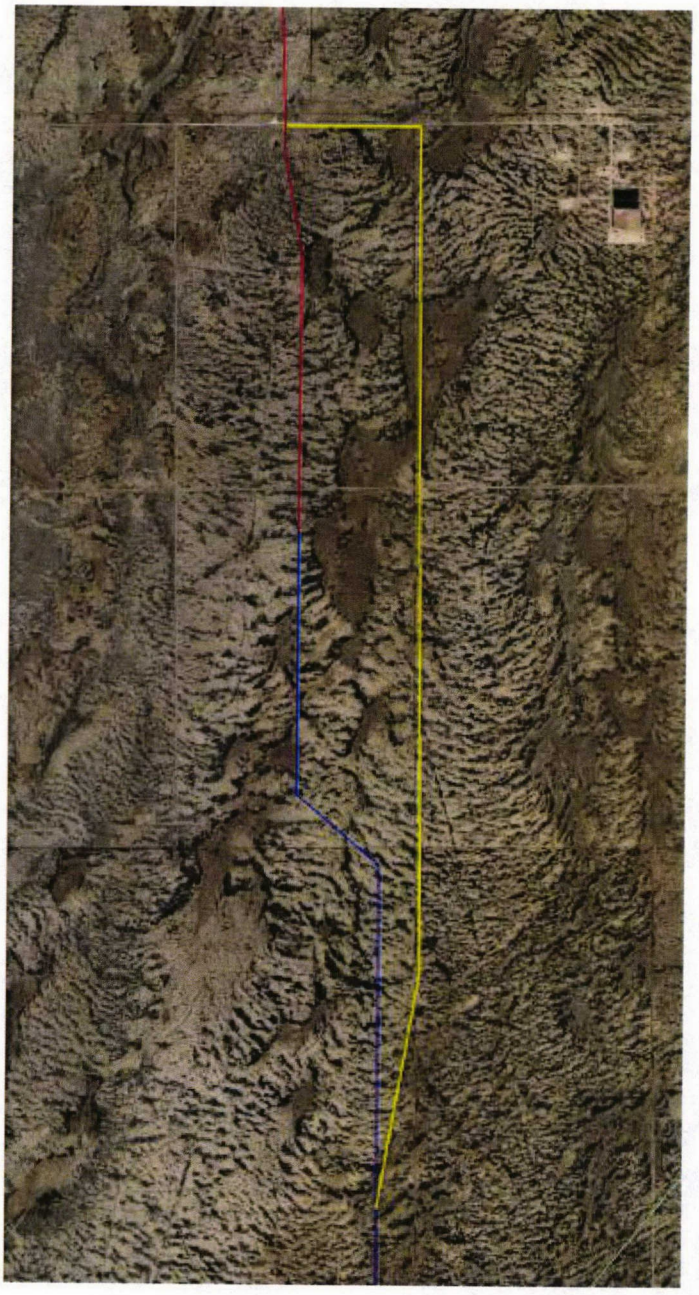
A. As proposed, link J1 would bisect various parcels that Oxy has leased for oil and gas operations, and thereby impede Oxy's ongoing development in those areas. As described

above, if a transmission line crosses too close to oil and gas infrastructure, that can cause operational and safety issues for Oxy, AEP, and Oncor personnel, and could significantly increase the cost of constructing this line if it became necessary for Oxy to abandon facilities or forego development opportunities.

Q. HAS OXY IDENTIFIED POTENTIAL MODIFICATIONS TO LINKS J1/J7 THAT WOULD RESOLVE ITS CONCERNS?

A. Yes. Oxy has identified a modification that would shift links J1/J7 out to the eastern boundaries of tracts 80, 82, 84, and 146 instead of through the center of those parcels. Not only would this change allow Oxy to effectively mitigate the impact of this line on its ongoing development activities, it will also increase the amount of this line that parallels property boundaries without increasing the number of angle structures that would be required. Figure AM-6 shows proposed links J1 (red) and J7 (dark blue), with Oxy's proposed modifications to those links in yellow.

Figure AM-6: Oxy's Proposed Links J1/J7 Modified



V. IMPACTS TO OXY ALONG ROUTE 328

Q. WHAT IS OXY'S POSITION WITH RESPECT TO ROUTE 328?

A. Oxy could agree to take the transmission line along route 328 if the Commission adopts three relatively minor modifications along links C2, D1, and E1/F1.[10] Route 328 would cross four different Oxy production areas and affect Oxy along links C2, D1, E1, F1, and K2. Despite these impacts, Oxy would prefer that the Commission select route 328 instead of the utilities' recommended route 320. Route 328 would circumvent the bulk of Oxy's existing infrastructure and ongoing development activities in the central and southern portions of the study area, and would make it possible for Oxy to effectively mitigate the impact of this line on its operations with much less extensive modifications than route 320. Oxy's proposed modifications to links C2, D1, and E1/F1 are described in detail below. Exhibit AM-3 to my testimony is a CD that contains a .KMZ file showing all of Oxy's proposed modifications.

A. OXY'S PROPOSED MODIFICATION TO LINK C2

Q. LINK C2 IS PART OF BOTH ROUTE 320 AND ROUTE 328. IS OXY PROPOSING THE SAME MODIFICATION TO THAT LINK REGARDLESS OF WHICH ROUTE THE COMMISSION SELECTS?

A. Yes. Regardless of whether the Commission selects route 320 or route 328, Oxy is proposing the same modification to link C2 that I discuss in Section IV.A of my testimony.

B. OXY'S PROPOSED MODIFICATION TO LINK D1

Q. PLEASE DESCRIBE OXY'S OPERATIONS ALONG LINK D1.

A. Proposed link D1 bisects Oxy's Birds of Prey production area, which is a densely developed and rapidly expanding unconventional oil recovery operation located on a set of contiguous leases to the southeast of Pecos. Figure AM-7 is an excerpt from Exhibit AM-2 that shows the utilities' proposed links overlaid on Oxy's Birds of Prey production area (Oxy leases in yellow):

[10] If the Commission were to adopt Oxy's proposed modifications to links C2, D1, and E1/F1, Oxy could agree to any of routes 46, 49, 325, 326, 328, and 370.

Figure AM-7: Oxy's Birds of Prey Production Area

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Q. HOW WOULD PROPOSED LINK D1 INTERFERE WITH OXY'S OPERATIONS?

A. As proposed, link D1 would interfere with Oxy's ability to effectively access and maintain its infrastructure in the Birds of Prey production area. Additionally, as proposed, those links would bisect various parcels that Oxy has leased for oil and gas operations, and thereby impede Oxy's ongoing development in those areas. As described above, if a transmission line crosses too close to oil and gas infrastructure or development, that can cause operational and safety issues for Oxy, AEP, and Oncor personnel, and could significantly increase the cost of constructing this line if it became necessary for Oxy to abandon facilities or forego development opportunities.

Q. HAS OXY IDENTIFIED POTENTIAL MODIFICATIONS TO LINK D1 THAT WOULD RESOLVE ITS CONCERNS?

A. Yes. Oxy has developed a proposed modification that would shift the northern portion of link D1 slightly westward and thereby decrease the number of Oxy's leases that will be bisected by the line. Not only will this modification increase the amount of this line that follows property boundaries, but it will decrease the number of angle structures needed to thread link D1 between existing Oxy facilities.[11] Additionally, this modification to link D1 will maintain safe clearances from existing Oxy infrastructure and allow Oxy to effectively mitigate the impact of this line on its ongoing development activities. Figure AM-8 shows proposed link D1 in green and Oxy's proposed modifications to that link in orange.

[11] While proposed link D1 uses five angle structures to traverse the area covered by Oxy's modification, Oxy's modified version would use only two.

Figure AM-8: Oxy's Proposed Link D1 Modified

C. OXY'S PROPOSED MODIFICATION TO LINKS E1/F1

Q. PLEASE DESCRIBE OXY'S OPERATIONS ALONG LINKS E1/F1.

A. Proposed links E1/F1 cross the western portion of Oxy's Barilla Draw production area, which I discussed above in the context of Oxy's proposed modification to links F3/G4/G51/I2. Given the arrangement of Oxy's existing facilities and development activities, it would be much easier for Oxy to effectively mitigate the impacts of links E1/F1 on that production area. Figure AM-9 is an excerpt from Exhibit AM-2 that shows links

E1/F1 overlaid on the western portion of Oxy's Barilla Draw production area (Oxy leases in yellow):

Figure AM-9: Western Portion of Oxy's Barilla Draw Production Area

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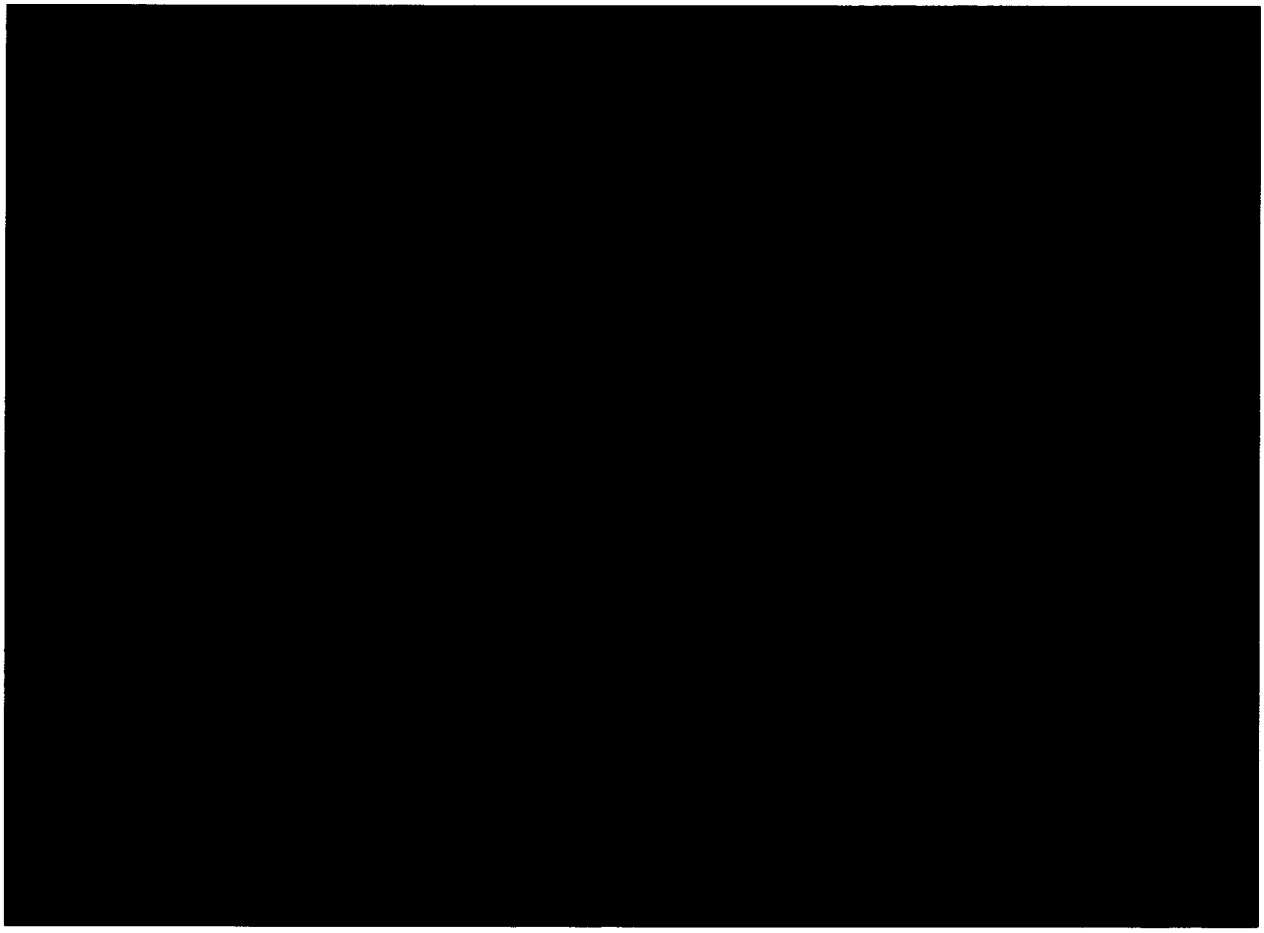

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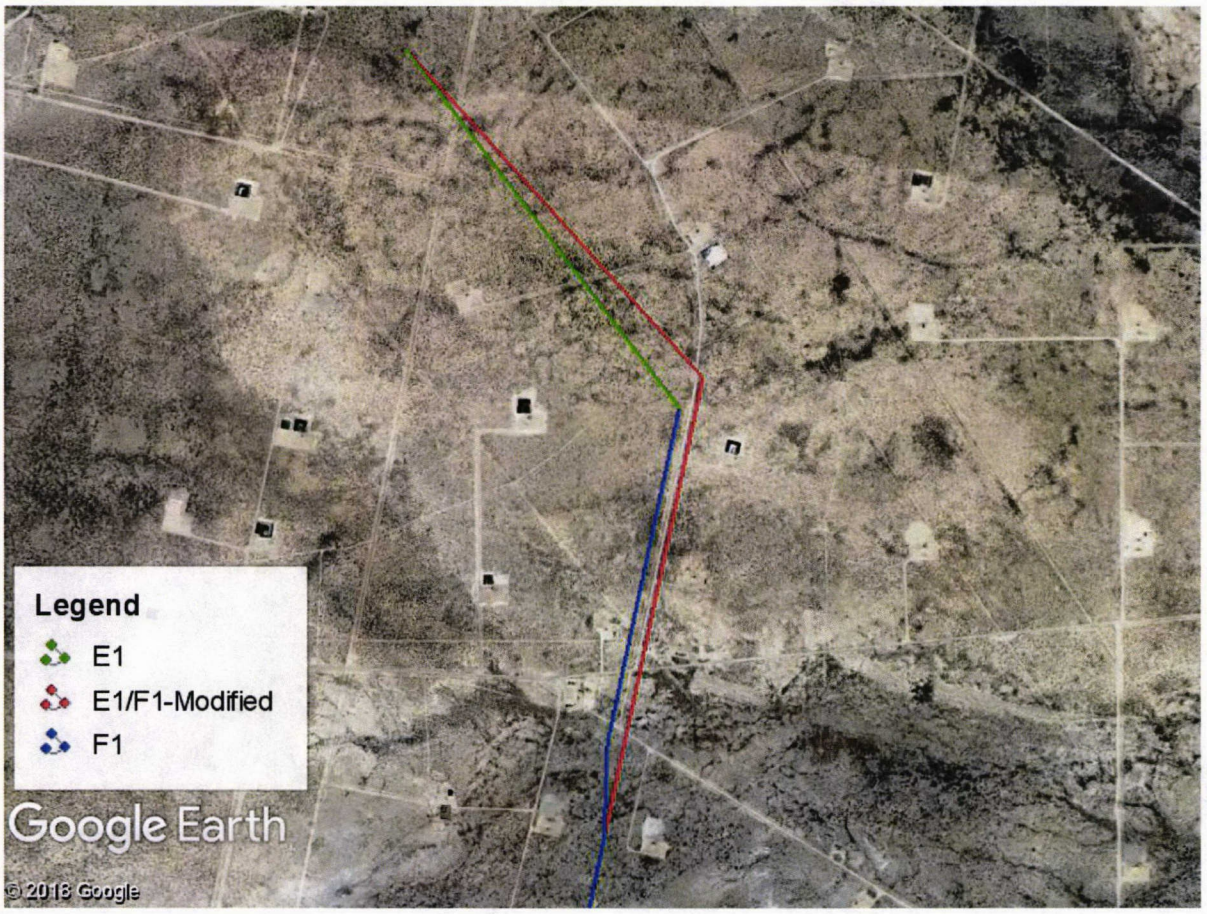
Q. HOW WOULD PROPOSED LINKS E1/F1 INTERFERE WITH OXY'S OPERATIONS?

A. As proposed, links E1/F1 bisect various parcels that Oxy has leased for oil and gas operations, and thereby impede Oxy's ongoing development in those areas. As described above, if a transmission line crosses too close to oil and gas infrastructure, that can cause operational and safety issues for Oxy, AEP, and Oncor personnel, and could significantly increase the cost of constructing this line if it became necessary for Oxy to abandon facilities or forego development opportunities.

Q. HAS OXY IDENTIFIED POTENTIAL MODIFICATIONS TO LINKS E1/F1 THAT WOULD RESOLVE ITS CONCERNS?

A. Yes. Oxy has identified a modification that would shift links E1/F1 slightly to the east so that they follow the eastern boundaries of tracts 131 and 206 while still maintaining safe clearances from existing Oxy infrastructure. This modification will increase the length of the line paralleling property boundaries, and will also decrease the number of angle structures from four to two. Additionally, the modification will allow Oxy to effectively mitigate the impact of this line on its ongoing development activities. Figure AM-10 shows proposed links E1 (green) and F1 (dark blue), with Oxy's proposed modifications to those links in red.

Figure AM-10: Oxy's Proposed Links E1/F1 Modified



VI. ROUTE MODIFICATION CONSENT AGREEMENTS

Q. HAS OXY OBTAINED CONSENT FOR ITS PROPOSED MODIFICATIONS FROM THE AFFECTED SURFACE OWNERS?

A. Oxy is in the process of contacting the surface owners that would be affected by Oxy's proposed route modifications to negotiate route modification consent agreements. This includes the owners of certain tracts that were not directly affected by any of the links proposed in the Application, and who did not receive notice of this project with respect to those tracts. I will supplement my testimony once I have determined whether it will be possible to obtain route modification consent agreements from the surface owners who would be affected by Oxy's proposed modifications.

VII. SUMMARY OF OXY'S ROUTING PREFERENCES

Q. PLEASE DESCRIBE OXY'S PREFERENCES FOR ROUTING THE PROPOSED TRANSMISSION LINE.

A. Oxy is willing to work with AEP, Oncor, and the Commission to develop a route that does not place a disproportionate burden on Oxy or create safety concerns for Oxy, AEP, or Oncor personnel. However, Oxy strongly opposes every route that uses one or more of proposed links C2, D1, E1, F1, F2, F3, G1, G2, G3, G4, G51, G52, H2, I2, J1, and J3 because those links will unduly harm Oxy's existing and rapidly expanding oil and gas operations in the study area.

Oxy would prefer that the Commission avoid the central corridor used by the utilities' recommended route 320, and Oxy could only agree to a transmission line along route 320 if the Commission adopts Oxy's proposed modifications along link C2, links F3/G4/G51/I2, and links J1/J7.[12] While route 320 Modified would still snake through the middle of Oxy's densely-packed operations in the center of the study area, Oxy has determined that the modifications discussed above will allow it to effectively mitigate the impact of this line on its operations.

[12] If the Commission were to adopt Oxy's proposed modifications to links C2, F3/G4/G51/I2 (in place of any combination of links between F3 and I2/I3), and J1/J7, Oxy could agree to any of routes 18, 41, 297, or 320.

While Oxy can agree to a modified version of route 320, Oxy would prefer that the Commission instead select route 328, which uses the less developed west corridor.[13] As discussed above, Oxy believes that it could effectively mitigate the impact of route 328 on its operations if the Commission were to adopt relatively minor modifications along link C2, link D1, and links E1/F1. Even with those modifications, route 328 would still affect Oxy's operations along five different links.[14] However, by following the west corridor, route 328 would avoid the areas where construction and operation of a transmission line would have the greatest impact on Oxy's operations and development, and would obviate the need for more extensive route modifications along the central corridor.

VIII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

[13] If the Commission were to adopt Oxy's proposed modifications to links C2, D1, and E1/F1, Oxy could agree to any of the following west corridor routes: 46, 49, 325, 326, 328, and 370.

[14] Regardless of whether Oxy's proposed modifications are adopted, Route 328 would affect Oxy along links C2, D1, E1, F1, and K2.

CONSOLIDATED SOAH DOCKET NO. 473-19-1265
CONSOLIDATED DOCKET NO. 48785

JOINT REPORT AND APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC, AEP TEXAS INC., AND LCRA TRANSMISSION SERVICES CORPORATION TO AMEND THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY FOR 345-KV TRANSMISSION LINES IN PECOS, REEVES, AND WARD COUNTIES, TEXAS (SAND LAKE TO SOLSTICE AND BAKERSFIELD TO SOLSTICE)	**§**	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

AFFIDAVIT OF ALBERT MENDOZA

STATE OF TEXAS)
)
COUNTY OF HARRIS)

BEFORE ME, the undersigned authority, on this day personally appeared Albert Mendoza, Manager, Energy for Occidental Energy Ventures LLC ("OEV"), a subsidiary of Occidental Petroleum Corporation, who **states, under penalty of perjury, that to the best of his knowledge and belief, the following statements and information are true and correct:**

1. My name is Albert Mendoza. I am over eighteen years of age, am of sound mind and competent to make this Affidavit. I have personal knowledge of every statement contained in the Affidavit, and every statement contained herein is true and correct and based on my own personal knowledge.

2. I am Manager, Energy for OEV, an affiliate of Occidental Permian Ltd., Oxy Delaware Basin, LLC, Oxy USA, Inc., Oxy USA WTP LP, Houndstooth Resources, LLC, and Occidental West Texas Overthrust, Inc. OEV has responsibility for coordinating energy supply for those affiliates. As such, my job responsibilities include managing counsel representing those companies in regulatory matters and related litigation, including regulatory matters before the Public Utility Commission of Texas. Specifically as it relates to the subject case, my job responsibilities include providing testimony regarding the subject matter of the subject case and participating in proceedings associated with Public Utility Commission of Texas Consolidated Docket No. 48785.

3. I make this Affidavit in support of my testimony on behalf of Occidental Permian Ltd., Oxy Delaware Basin, LLC, Oxy USA, Inc., Oxy USA WTP LP, Houndstooth Resources, LLC, and Occidental West Texas Overthrust, Inc. Attached hereto and made a part hereof for all purposes is my Direct Testimony and Exhibits, which have been prepared in written form for introduction into evidence in Consolidated PUC Docket No. 48785.

4. I hereby swear and affirm that my answers contained in the testimony are true and correct to the best of my knowledge, information and belief.

Albert Mendoza

SUBSCRIBED AND SWORN TO before me by Albert Mendoza, Manager, Energy for Occidental Energy Ventures LLC ("OEV"), an affiliate of Occidental Permian Ltd., Oxy Delaware Basin, LLC, Oxy USA, Inc., Oxy USA WTP LP, Houndstooth Resources, LLC, and Occidental West Texas Overthrust, Inc., this 10th day of JANUARY, 2019.

Laura A. Matthews
Notary Public

My commission expires: October 28, 2020

LAURA ANNETTE MATTHEWS
My Notary ID # 3244894
Expires October 28, 2020

EXHIBIT AM-1

OXY PROPERTIES AFFECTED BY PROPOSED ROUTES IN SAND LAKE TO SOLSTICE PORTION OF DOCKET 48785

Tracts Owned or Leased by Oxy

Tract Nos.		
20	131	283
22	134	284
23	150	304
24	152	311
30	153	334
31	154	335
38	155	338.1
40	158	360
41	164	361
41.1	168	374
66	171	378
68	185	380
75	208.1	384
75.1	242	386
79	243	402.1
82	244	422
83	245	423
84	245.1	433
85.1	246	439
103	248	446
108.1	251	504
109.1	256	527.1
127.1	271.1	
130	272	

Links that Impact Oxy Properties

C2, D1, E1, F1, F2, F3, F4, G1, G2, G3, G4, G6, G51, G52, H1 H2, I2, I3, J1, J3, J4, J5, J8, J22, K2, and K4

EXHIBIT AM-2 (HSPM)

Master Map of Oxy Operations and Placement of Sand Lake to Solstice Transmission Line Project

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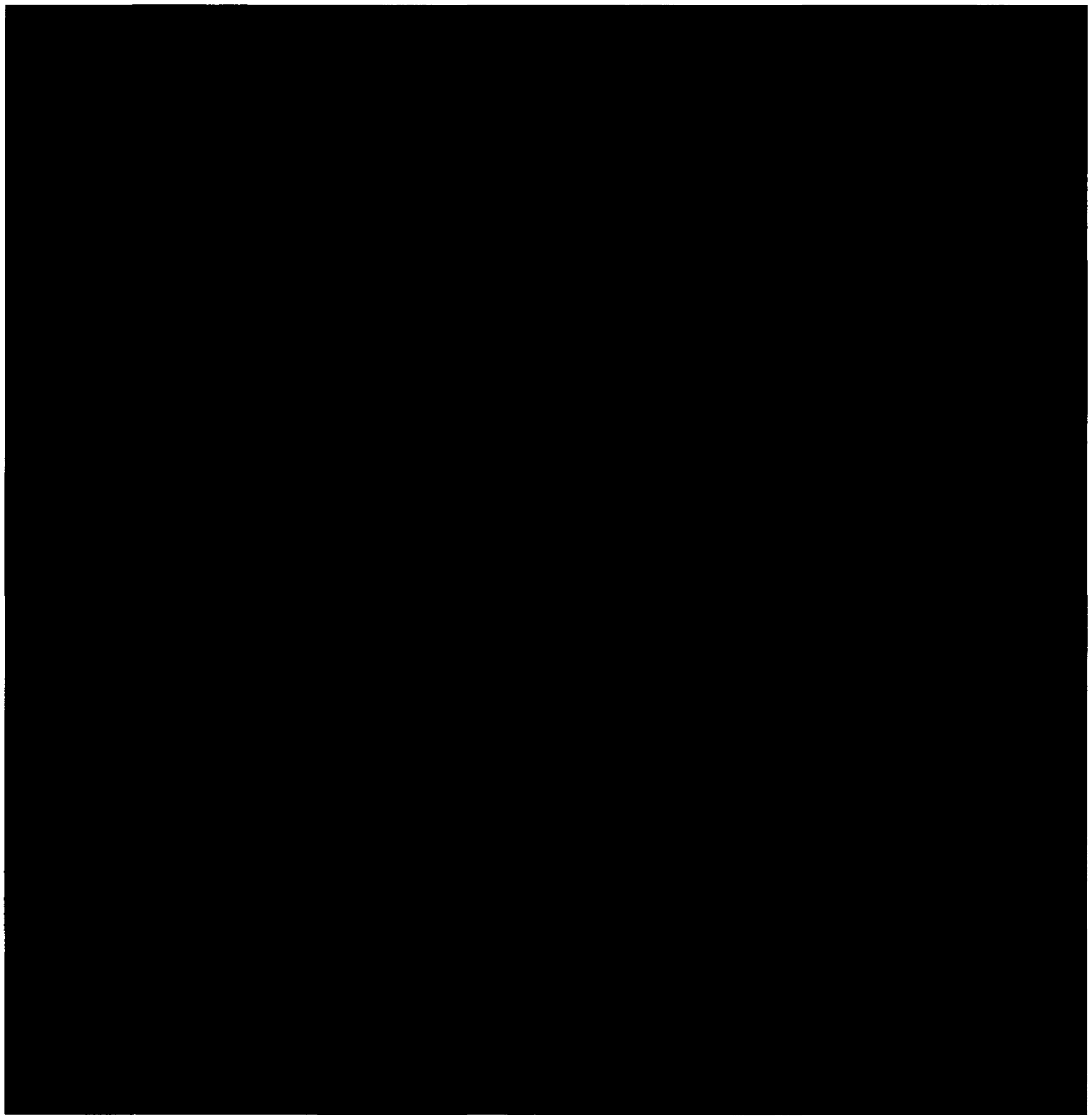

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(CD)'S ATTACHED

TO VIEW PLEASE CONTACT CENTRAL RECORDS 512-936-7180